

University of Rochester Political Science

Psc 286
Political Economy

Prof. Mark Fey
Spring 2005

Syllabus

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Office Hours: Friday, 1:30-3:00

This is an interdisciplinary course that focuses on the application of eco-

Course Readings: The required text for the course is available at the campus bookstore:

- Joe Stevens, *The economics of collective choice* Boulder, Colo., Westview Press, 1993.

Additional readings will be available online or distributed during the semester.

Below are the scheduled readings for the course. Naturally, this schedule may change as the semester unfolds.

Topic 0 Introductory Lecture

- Stevens, *ECC*, Ch. 1
- Allan Drazen, "What is Political Economy?" Chapter 1, *Political Economy in Macroeconomics*, pp. 3–17.
- James Buchanan, "Individual Choice in Voting and the Market," *The Journal of Political Economy*, Vol. 62, No. 4. (Aug., 1954), pp. 334–343. (JSTOR)

Topic 1 Basic Models: Economic Models

Supply & Demand, Pure Competition & Monopoly, Principal-Agent, Efficiency

- Stevens, *ECC*, Ch. 2, 3, 4

Topic 2 Basic Models: Political Models

Median Voter Theorem, Agenda Setting, Bargaining, Social Choice

- Stevens, *ECC*, Ch. 6 and sec. 7.0–7.3
- Allan Drazen, "Decision Making Mechanisms" Chapter 3, *Political Economy in Macroeconomics*, pp. 60–90.
- Romer and Rosenthal, "Voting Models and Empirical Evidence," *American Scientist*

- Stevens, *ECC*, sec. 5.0 & 5.1
- Avinash Dixit and Barry Nalebu, "Resolving the Prisoners Dilemma." in *Thinking Strategically*, W.W. Norton & Co. 1991, pp. 89-118.

Topic 4 Public Goods

Freeriding, Collective Action, Externalities, Voluntary Provision, Government Supply

- Stevens, *ECC*, Ch. 5 and sec. 7.4–7.42
- John Oneal, "The Theory of Collective Action and Burden Sharing in NATO," *International Organization*, Vol. 44, No. 3. (Summer, 1990), pp. 379–402. (JSTOR)

Topic 5 Special Interests, Regulation, and Rent-Seeking (I)

- Stevens, *ECC*, sec. 8.0–8.14 and 7.5–7.3 7.72
- Allan Drazen, *Political Economy in Macroeconomics*, pp. 90–96.
- William Mitchell and Michael Munger, "Economic Models of Interest Groups: An Introductory Survey," *American Journal of Political Science*, Vol. 35, No. 2. (May, 1991), pp. 512–546. (JSTOR)
- George Stigler, "The Theory of Economic Regulation," *The Bell Journal of Economics and Management Science*, Vol. 2, No. 1. (Spring, 1971), pp. 3–21. (JSTOR)
- Romer and Rosenthal, "Modern Political Economy and the Study of Regulation," in *Public Regulation*, edited by Elizabeth E. Bailey, Cambridge, Mass., MIT Press, 1987.
- Barry Weingast and Mark Moran, "Bureaucratic Discretion or Congressional Control? Regulatory Policymaking by the Federal Trade Commission," *The Journal of Political Economy*, Vol. 91, No. 5. (Oct., 1983), pp. 765–800. (JSTOR)

Topic 6 Special Interests, Regulation, and Rent-Seeking (II)

- Roger D. Congleton, "Rent Seeking and Political Institutions" *The Encyclopedia of Public Choice*, C. K. Rowley and F. Schneider, Ed.s Kluwer Academic Press (2003).

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- Mathew McCubbins and Thomas Schwartz, "Congressional Oversight Overlooked: Police Patrols versus Fire Alarms," *American Journal of Political Science*, Vol. 28, No. 1. (Feb., 1984), pp. 165–179. (JSTOR)

Topic 10 Redistribution and the Size of Government
Government Debt as Commitment

- Roger Congleton "The Politics of Government Growth," in *The Elgar Companion to Public Choice*, Edward Elgar Publishers, Ltd. (2001): 457–478.

Topic 11 Commitment & Credibility
Time Inconsistency, Flexibility v. Commitment, Central Bank Independence, Reputation

- TBA

Topic 12 Elections & Business Cycles
Moral Hazard and Adverse Selection in Elections, Political Business Cycles, Partisan Business Cycles, Balancing & Midterm Elections

- Gerald Kramer, "Short-Term Fluctuations in U.S. Voting Behavior, 1896-1964," *The American Political Science Review*, Vol. 65, No. 1. (Mar., 1971), pp. 131-143. (JSTOR)
- Ray Fair, "Econometrics and Presidential Elections," *The Journal of Economic Perspectives*, Vol. 10, No. 3. (Summer, 1996), pp. 89-102. (JSTOR)
- Alberto Alesina and Howard Rosenthal, "Partisan Business Cycles," Chapter 7 in *Partisan Politics, Divided Government, and the Economy*, Cambridge University Press, 1995.

Topic 13 Taxation & Redistribution

- Stevens, *ECC*, sec. 7.73

Topic 14 Additional Topics
property rights, comparative institutions courts and the law

- Stevens, *ECC*, Ch. 10–11

- Robert Cooter, "The Cost of Coase," *The Journal of Legal Studies*, Vol. 11, No. 1. (Jan., 1982), pp. 1–33. (JSTOR)
- R. H. Coase, "The Problem of Social Cost," *Journal of Law and Economics*, Vol. 3. (Oct., 1960), pp. 1–44. (JSTOR)
- George Stigler, "The Optimum Enforcement of Laws," *The Journal of Political Economy*, Vol. 78, No. 3. (May - Jun., 1970), pp. 526–536. (JSTOR)